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TO RUEHC/SECSTATE WASHDC 8170
INFO RUEHBJ/AMEMBASSY BEIJING 2978
RUEHCN/AMCONSUL CHENGDU 2127
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEHGZ/AMCONSUL GUANGZHOU 0585
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UNCLAS SECTION 01 OF 02 SHANGHAI 000335

SIPDIS

STATE ALSO FOR EAP/CM, INR/EAP, EEB/TRA, INR/B
USDOC FOR ITA DAS KASOFF, MAC/OCEA - SZYMANSKI
TRANSPORTATION ALSO FOR DAS JOEL SZABAT
TRANSPORTATION ALSO FOR X1, X40

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SUBJECT: CHINA'S PORT OF NINGBO SEEKS CLOSER TIES WITH THE U.S.,
WELCOMES U.S. LOGISTICS COMPANIES

¶11. (U) Summary: During a July 13-14 visit to Ningbo, the Consul General (CG) toured the massive Port of Ningbo, second only to Shanghai in container throughput. Officials of the Ningbo Port Company Ltd. (NPCL) gave an overview of the port's features while explaining how the port has fared during the global economic crisis. Officials expressed their wish to increase imports from the United States and for a U.S. company to establish a logistics center in Ningbo. End summary.

¶12. (U) Background on Port of Ningbo: The Port of Ningbo, a natural deepwater port, now handles approximately 7 percent of China's total trade volume. As of 2009, Ningbo is the second biggest port in tonnage and second largest in container throughput in China (Shanghai is first). It is in the world's top 10 in terms of tonnage. The port can handle some of the world's largest ships (up to 300,000 tons) and has rail, road, pipeline and air connections.

A Comprehensive, Multi-Functional Port

¶13. (U) With a natural deep-water harbor sheltered by the Zhoushan archipelago, Ningbo is one of China's oldest ports. In a July 13 briefing, NPCL President WU Jin Kun explained that the Port of Ningbo is a comprehensive, multi-functional port with small, medium and large berths. Ningbo Port includes 5 port areas: the old port of Ningbo, Beilun, Zhenhai, Daxie and Chuanshan. The main container facilities in Ningbo are in Beilun. The terminals in Zhenhai are the site of the first phase of China's strategic petroleum reserve (SPR), which it began filling at the end of 2005. The Port has both rail and road connections and handles water-to-water transshipments.

¶14. (U) Ningbo Port has a total capacity of 15 million TEU ('Twenty-Foot Equivalent Unit', a measure of capacity of containers). In 2008, the entire port handled 10.84 million TEU. Most major shipping companies do business with the port, including China Shipping, OOCL and APL. Advanced port machinery includes twin quayside crane systems, produced by Shanghai Zhenhua Heavy Industry Co. Ltd. (ZPMC), which can handle four containers at a time. There is a staff of 15,000 working at the port, 80% of whom are locals of Ningbo.

Container Throughput Down, Dry Bulk Shipments Up

¶ 15. (U) In first-half 2009, container throughput declined over 10% compared with the same period last year. Port officials attributed declining container throughput and shrinking external demand to the global economic crisis. However, Board Secretary HUANG Weiping said July shipments appeared likely to exceed June's level, which he regarded as a sign of a recovery, albeit slow. Port officials reported that dry bulk shipments have remained solid throughout the global downturn due to China's high demand for raw materials. President Wu said the port planned to expand its dry bulk capacity to meet increasing demand.

Port Seeks Closer ties with U.S.

¶ 16. (U) Board Secretary Huang, and Foreign Affairs Director JIANG Fengxiang explained that Ningbo has a significant trade volume with the United States. The administrators of the port are seeking to make it a terminal for technical and machine products imported from the United States. As such, Jiang expressed the need for a U.S. company to set up a logistics center in Ningbo.

Little Benefit from Hangzhou Bay Bridge

¶ 17. (U) The CG inquired whether the recently completed Hangzhou

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Bay Bridge was having any noticeable impact on the port. Jiang said given the high toll, USD 11 one way, it has not yet had the hoped for impact on the port's throughput.

¶ 18. (U) The CG was accompanied by State summer intern and LES Economic Assistant (notetakers).
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